

# Altria, Philip Morris Int'l Partnering On Products

Michael Felberbaum, AP Tobacco Writer



RICHMOND, Va. (AP) — The makers of Marlboro cigarettes sold in the U.S. and those sold overseas are sharing their technology for electronic cigarettes and other new tobacco products.

Altria Group Inc. and Philip Morris International Inc. said Friday that they've entered into agreements related to marketing alternatives to traditional cigarettes. Terms of the deal were not disclosed.

Companies are venturing into smokeless tobacco and other nicotine products to diversify beyond the declining traditional cigarette business as tax increases, health concerns, smoking bans and stigma cut into demand.

Electronic cigarettes are battery-powered devices that heat a liquid nicotine solution, creating vapor that is inhaled. Their popularity has grown swiftly, from thousands of users in 2006 to several million worldwide today.

Devotees say e-cigarettes address both the addictive and behavioral aspects of smoking. Smokers get their nicotine without the more than 4,000 chemicals found in regular cigarettes. And they get to hold something shaped like a cigarette, while puffing and exhaling something that looks like smoke.

Under the agreement, Altria will provide Philip Morris with a license to sell its newly introduced electronic cigarette products internationally. In turn, Philip Morris will provide Altria with two of its next-generation products that heat tobacco instead of burning it.

The move is consistent with Altria's ongoing efforts to develop a robust portfolio of innovative products that meet adult tobacco consumers' preferences, CEO Marty Barrington said in a statement.

## **Altria, Philip Morris Int'l Partnering On Products**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

In August, Altria's NuMark subsidiary launched its first e-cigarette under the MarkTen brand with a test market in Indiana and planned to expand into Arizona this month.

MarkTen is a disposable e-cigarette but can be reused by buying a separate battery recharging kit and additional cartridges in both tobacco and menthol flavors. The company said the e-cigarette's "Four Draw" technology is designed to give users a "more consistent experience" that closely resembles the draw of a traditional cigarette.

Last month, Philip Morris International announced that it would enter the electronic cigarette business late next year and accelerate the launch of its reduced-risk products.

While the future of e-cigarettes should be an attractive category for adult consumers, the company said it believes its next-generation products will be more attractive to cigarette smokers.

Philip Morris International plans to pilot test its next-generation products late next year and launch a product that heats tobacco instead of burning it in 2015, ahead of its previously expected launch between 2016 and 2017. While both of the technologies that Altria is licensing heat tobacco instead of burning it, one uses an electronic heater and the other uses a carbon heat source.

Both companies have noted the potential for these products to reduce the health risks caused by traditional cigarettes.

In the U.S., the Food and Drug Administration allows companies to apply for designation as a modified-risk tobacco product, allowing them to be marketed as less harmful than other forms of tobacco.

The companies said Friday they'd cooperate on regulatory engagement related to the products in the U.S. and overseas, as well as share improvements to existing versions of the products.

Altria, based in Richmond, Va., owns the nation's biggest cigarette maker, Philip Morris USA. It spun off Philip Morris International as a separate company in 2008.

Philip Morris International, based in New York and Switzerland, is the world's second-biggest cigarette seller behind state-controlled China National Tobacco Corp.

**Source URL (retrieved on 08/01/2014 - 10:02am):**

<http://www.impomag.com/news/2013/12/altria-philip-morris-intl-partnering-products>